

Introduction to Product & Services Branding



No Branding without Bonding !

Bonding: Elective and personal link between a consumer and preferred product-brands

What is this?

No, this is not the Vesuvius volcano
and the bay of Naples in the background ...



- Pet food?
- Breakfast cereals?
- Old Chinese medicine?

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- How do you recognize an industrial food product (that does not look like anything made by mother nature...)
for the intended consumer use the manufacturer / marketer had in mind?
- As a consumer, how do you call it? ... and ask for it in many different stores and countries?

Breakfast cereals !



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SURPRISE !!

What you might have thought was rabbit food ...

is in fact a legitimate branded Breakfast cereals product ...

sold in your local supermarket all around the world...

under the ALL-BRAN name from Kellogg's...

Now, you now the product is made by a reputable – reliable – quality conscious maker

whose good reputation as a breakfast cereals manufacturer dates back almost a century.

The Brand Experience

Imagine a world without brands...

- Imagine a no-brand supermarket alley
- How would you find your familiar product?
- Would you buy any sort of wine...
- ... or personal hygiene product?

1. Now imagine a supermarket full of unbranded products...
2. You would look for products by their generic name (... WINE)
There are hundreds of different varieties of wine from so many countries ...
And the same applies to most products.

The Brand Experience ...

Imagine a very special evening
at your place...

- No-name tin of pâté...
- ... no-name bottle of wine...
- ...no-name condoms?

You invited your darling... went to your unbranded supermarket alley and bought:

1. Pâté: How would you be sure it will taste remotely like a pâté or will it taste like dog food?
2. Just RED wine: Will it taste like vinegar or Diet Cherry Coke ?
3. Will they LEAK ? ... Ouch!

The Brand Experience...



An everyday experience

- Breakfast
- Personal care
- Transportation
- Personal music
- Communications

1. Brands are much more than just good looking logos or neat packaging...
2. They have to prove themselves and earn their reputation everyday with unique P/S offerings...

The Brand Experience...



**Brands are born
and die everyday**

- Olivetti typewriter



1. Olivetti - did not survive the end of the typewriter era (dawn of computer era)...
vs. IBM »» Word processing systems »» Laptop computers
2. BlackBerry – the latest in personal assistant / mobile phone.

Innovation Branding

New / renewed branding principles

Which leads us to look at some new or renewed principles...

Innovation Branding Principles



Do not confuse:

- Consumer marketing for consumer understanding
- Technology for service innovation
- Successful testing for brand bonding
- Media hype for brand communication

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1. Don't confuse consumer marketing with consumer understanding. Marketing has few tools to decipher the inarticulate needs of consumers.

E.g.: Focus groups questioning. Customers don't speak 'Company-ese': Kleens my dishes = Surfactant, bubbles; Quick response = Number of rings, time on phone, transfer rate; Easy to read = Pixels, refresh rate, size, interlaced?

Read articles:

- Ethnographic research » <http://www2.chass.ncsu.edu/garson/PA765/ethno.htm>
- Grid Group theory » <http://users.fmg.uva.nl/vmamadouh/ggct/agate/BASICS/theory.html>
- Faster, cheaper, deeper use of research by V. Kumar & P. Whitney. Illinois Institute of Technology <http://www.id.iit.edu/141/>

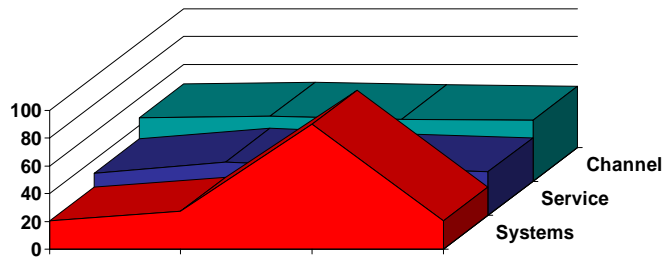
2. Don't confuse innovation and technology. Tech-centric innovation generates feature-ridden products that can frustrate consumers. E.g.: Microwave ovens with 100 function keys - You use mostly 2-3 keys !!

3. Don't develop products in a lab and toss it at consumers. Brand bonding requires an affective link with products. E.g.: OMEGA 3 everything...

Read article: Design, advanced planning & product development by Charles I. Owen. Illinois Institute of Technology <http://www.id.iit.edu/141/>

4. Today, flunking the product-brand at massive (almost deadly) media frequency rates is the surest way to antagonize the consumer and create suspicion about the real product values. Don't promise – Meet the need!

Innovation Blinders



**In PC business everyone is pushing hardware & systems.
Door is open for breakthroughs in other areas (support services...**

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1. 'Innovation Blinders' is when some industry segments follow each others' path (like sheep), ignoring lateral thinking to find new avenues of service.

Read article: Design thinking. What is it, why is it different, where it has new value by Charles I. Owen. Illinois Institute of Technology
<http://www.id.iit.edu/141/>

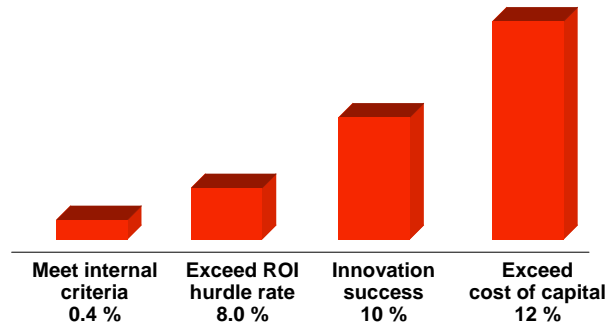
2. For ex: the computer industry. The hardware's turning so fast now that we'll soon have to get water-cooled laptops !!

Whereas quite obviously you'd like your laptop to be connected to the Net by cell phone all the time... That will cost you an arm and a leg... Computer makers say it's the Telecoms fault...

See: Belkin's new Wi-Fi Phones for Skype » www.skype.com

The symptom

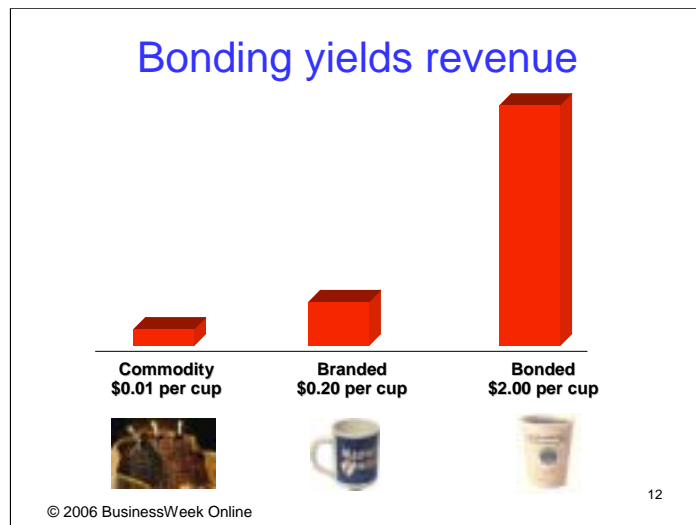
Despite spending huge sums on R&D
most corporations have dismally low
levels of innovation success*



© 2006 Peer Insight

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* Larry Keely – Doblin Inc., Joyce Wycoff 2004– Innovation Network, Harvard Business Review – July 2004, Edwin Mansfield – Management science 1981



If Branding makes sense, BONDING goes miles beyond - to create a durable (and competitively strong) consumer relation:

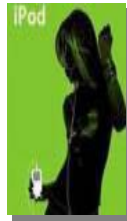
1. Commodity products yield a minimum return (Coffee beans – 1-2¢ per cup).
2. Branded goods are only a basic improvement (Maxwell House 5-25¢ per cup)
3. Branded Product-service show the way (Dunkin Donut Coffee shops 75¢ - \$1.50 per cup)...

... But only full experience product-service brands lead in ROI potential (Starbuck Coffee Experience \$2-\$5 per cup).

Value-added experience (Wifi, friendly service, famous coffee, quick- lunch)

The innovative model

Apple's iPod P/S bonding :



- Negotiated fees with musicians
- Partnered with publishers
- Hardware easy to use, looks great
- iTunes web access

Not your ordinary MP3 device !!

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Innovative branding goes beyond a timely, well-designed, rightly-priced and well-distributed product-brand. Innovation calls for a holistic view of marketing.

See how Apple's tackled the iPod project to make it a success:

1. Convinced musicians' royalties management that 99¢ per Tune was the way to operate over the net to avoid piracy. It costs too much to sue creative rights infringers.
2. Negotiated an agreement with the 'majors' to release their rights at a volume-discounted rate for selected music proposed on iTunes Net site.
3. Came up with a well-designed Apple-classic piece of hardware. Perfect ergonomics, intuitive personal music-management. Ever renewed listening pleasure of 'Shuffle' mode.
4. iTunes web access: Instant purchase-and-play.

Innovation branding ...

- Brand attachment is experiential
- [Experiential marketing](#) now drives P/S innovation
- [Co-created value](#) » innovative marketing
- [Value Networking](#)

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•The fact is ... there is no successful branding without a BONDING experience...
...our relation to the P/S-brand goes beyond its mere usefulness... It becomes a matter of trust.

•The consumer needs & wants rules P/S innovation. It's all about customer experience which drives bonding.

Read Wikipedia entry on **Experiential Marketing**
http://en.wikipedia.org/wiki/Experiential_marketing

•The consumer participates in the innovation process through co-created value.
Read: HMM's website articles on Co-created value.

•The value is generated through a network of customers and resources pulled by the P/S provider

Definition: A value network is any web of relationships that generates tangible and intangible value through complex dynamic exchanges between two or more individuals, groups, or organizations.

Any organization or group of organizations engaged in both tangible and intangible exchanges

can be viewed as a value network, whether private industry, government or public sector. * © 2006 Verna Allee

Consult: – Value NetWorks

http://www.vernaallee.com/value_networks/Understanding_Value_Networks.html

Innovation Branding

Services marketing principles

Which leads us to look at some new or renewed principles...

Services marketing principles ...

Macroeconomic shift to services

Top 10 non energy firms *	Percent of revenue from services	Percent of profit from services
Wal-Mart	100%	100%
Ford	13%	(0)
GE	49%	51%
Citigroup	100%	100%
IBM	56%	81%
HP	20%	46%

* 2005 annual reports

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- Dramatic shift from products to services in US & EU the late 80's
 - Year-en 2006, 84% of all US businesses were in service industries = 85 of US employment
- For top 10 US companies (excluding energy sector) 65% revenue and 85% profits came from services in 2006

Services marketing principles ...



The GE example

- Double-digit growth in the 80's – 90's
- Now adapted to 00's service economy

•CEO Immelt “ The emerging discipline that is now driving growth could be called customer-experience led innovation”



- Six Sigma*:
The initial model falls short

Six Sigma thinking	»	New requirement
Eliminate variability		Variability when it creates preference
Eliminate waste		Allow customer to judge what is waste
Minimize costs		Cost OK if preference outweighs it
Rely on large numbers		Rely on small numbers to uncover new possibilities

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- *** Six Sigma is a statistical term:** Six Standard deviations from a statistical performance average.
It then became a school of thought for major companies to conduct their marketing development (GE, Motorola...)
Read Wikipedia entry: http://en.wikipedia.org/wiki/Six_sigma
Consult: Motorola's Six Sigma page
<http://www.motorola.com/content.jsp?globalObjectId=3074-5804>
- Nowadays with markets evolving, Six Sigma falls short of required Customer-experience led innovation
Read: " Leveraging design's core competencies " by Chris Conley. Design Management Review. Articles - Summer 2004 »» www.dmi.org
Consult: Profile on Tara Lemmey – Founder & CEO of LENS
<http://www.itconversations.com/shows/detail673.html>

Services marketing principles ...

Types of service innovations *

- Most service industry focus on the **Offering**
 - The “Features” war



The “Features war” : It happens when Services Providers” concentrate on too many new services without following the Innovative Experiential service management principles

- The focus on Offerings could be called the “Features” warfare where costs escalate without creating customer preference

Types of service innovations*:

- Process**: Innovation process, Core process
- Offering**: Performance, Service system, Customer service
- Delivery**: Channel, Brand, Customer experience
- Finance**: Business model, Value network

* Larry Keely - The Doblin Group 2005 <http://www.doblin.com/>

Services marketing principles ...



Enterprise car rental example *

- Innovated in Delivery and Finance
- Improved customer experience

Process	Offering	Delivery	Finance
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Enterprise Car Rental http://en.wikipedia.org/wiki/Enterprise_Car_Rental

- Largest in US (2004 revenue 6.9B US\$ v. 4.9 US\$ for Hertz)
- Privately owned

Their focus (* Peer Insight 2004) :

•Service Delivery: Substantial innovation

- Channel: Sell thru insurers
- Brand: Occasional renters
- Customer experience: Brings car to you

•Service Financing : Substantial innovation

- Business model: Get paid by insurers

•Their process: Incremental innovation

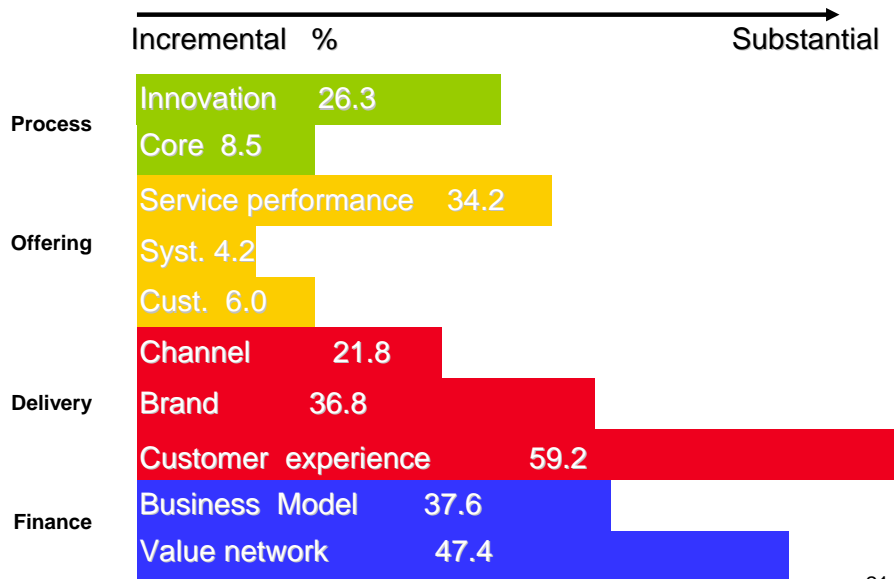
- Innovation process: Web based travel agents vouchers,
- Core process: Fleet optimization modeling

•Their offering: Moderate innovation

- Performance: Availability, Models
- Service system: Cell phone – customer never lost
- Customer service: Quick pick-up / return

Services marketing principles ...

Most successful innovators *



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Most successful innovators * Peer Insight 2006

If innovation in process is a given, most successful innovators are best at:

1. Creating exceptional customer experience
2. Developing an efficient value network (often co-created with customers)
3. Accenting experience in their branding
4. Maximizing service performance

Services marketing principles ...

Principles of customer experience design

- Start with unmet customer needs
- Research based on customer empathy
- Focus on customer journey
- Include the customer in earliest stages

- Start with unmet customer needs (“white space”) NOT new P/S technological offerings
- Research based on customer empathy (e.g. Ethnography)
- Focus on customer journey NOT your own service “contact points” (also named “touch points”)
- Include the customer (and other key players like suppliers...) in earliest stages: Open innovation process – unique value network

Principles of customer experience design ...

- Evidence of brand attributes
- Storytelling to convey experience intent
- Overcoming traditional metrics *
- Creating a broad view of experiences

- Create evidence of brand attributes at service “contact points”
- Use of storytelling to convey experience intent : Live examples of satisfied customer needs in communications
- Overcoming traditional metrics that run counter to creating compelling experiences.
Develop Innovative services metrics. **Read:** HMM website Article “Customer-centric organization”
- Creating a broad view of experiences in marketing and IT (Information Technology)

Principles of customer experience design ...

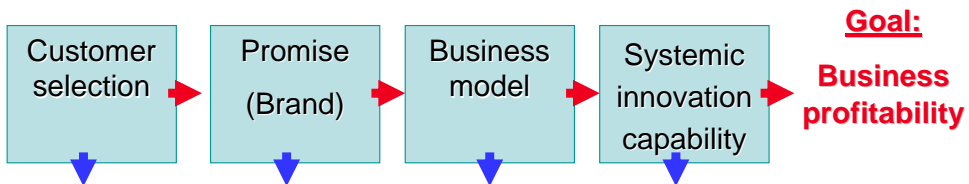
Difference between Product and Service Design

Product	Service
User interaction design	“Contact points” experience
Physical prototyping	Conceptual prototyping
Plan for materials	Service delivery blueprint
Product platforms	IT* platforms
Production planning	Service delivery training
Pricing models	Business models

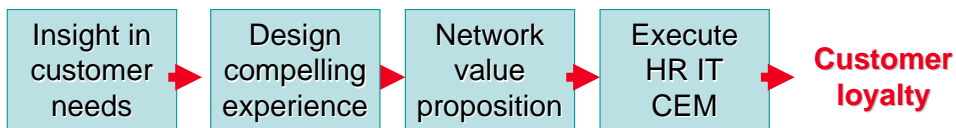
* IT = Information Technology

Service innovation model

1. Strategic level



2. Tactical level



1. Strategic level

- What service innovation project should we undertake ?
- What customer do we want to serve ?
- How can we execute projects successfully ?

2. Tactical (project) level

- Clear about customer problem we're dedicated to solve ?
- Insight about unmet needs from these customers ?
- Skills about developing compelling customer experience & corresponding innovation ecosystems / networks ?
- Change management processes to turn unfamiliar business design into fast-growth business that scale globally ?

Opportunity for Start-ups



» Innovation principles are most easily adopted by SME's » *

» Five tenets of innovation

Innovation is like a revolution. Large companies are confronted by massive cultural changes

- See automobile industry problems

• Innovation principles are most easily adopted by entrepreneurs in Small & Medium Enterprises (SME's) that shape their culture around personal-life experiences.

• **Five tenets**

- The customer is the new reference point
- Service vacuum left by major competitors
- Changing who does what
- Information Technology (IT) as the services "factory"
- The internet as key channel

* See HMM Bibliography: Research: Innovation Services.

The Branding Challenge



- Beyond P/S attributes and consumer benefits
- Core values rooted in consumer N&W satisfaction

**Total dedication to
“Zero defection”**

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Let's come back to the Branding Challenge for a minute:

'Zero-defection' inspired from the japanese 'Kaizen' : Continuous improvement

Consult Wikipedia entry <http://en.wikipedia.org/wiki/Kaizen>

The Branding Challenge

- Attributes and benefits are standard marketing 'Must' but...
- P/S-brands should be totally dedicated to satisfying consumer Needs & Wants (N&W) ...

M's definition of a defect:

**“If the customer does not
like it, it's a defect !!”**

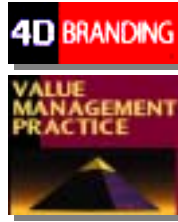


1. This is an excerpt from the Motorola Customer Credo

Motorola's Zero-defect goal was to make 3.4 m components at a 9.9997% defect-free rate!

The branding challenge...

Holistic Branding calls for:



- Brand thinking integrated to new product development
- Values-oriented management
- Master Brand Designer curriculum

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- The brand is NOT a star, it's light-footed, hard-working horse which management calls for up-stream marketing savvy (Innovative research, concept, development and metrics. **Read:** HMM website Article 4D Branding article
- Values-oriented vs. quarterly report dictatorship:
 - Earnings on a quarterly-basis never tell the whole story !!
 - Bonding results from long-term values-oriented marketing Mgt.
- MBD (Master of Brand Design): **Follow the leaders !**
 - New University curriculum - Patrick Withney at Chicago's IIT- Design Institute <http://www.id.iit.edu/143/>
 - Roger Martin at Rothman School of Mgt. U. of Toronto Canada <http://www.rotman.utoronto.ca/rogermartin/>

Your Challenge

What is your strategic brand vision ?

- New marketing design innovation model
- Focus on consumer experience
- New performance [metrics](#)



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- The old way: Give me a product, I'll give you a brand...
The new way: Get your feet wet. A brand is more than just the right product at the right time at the right place.

- It's a renewed look at the product-development process...and innovation at all marketing stages.
- Use 'Zero-base' thinking to get a fresh angle on the old "4P's" paradigm.
- Question every step. Ask yourself: Why is it done that way? What can be done otherwise?

- You are a consumer. Use your own experience and MBJ (My Best Judgement). Don't be afraid of the un-known. Make a fool of yourself and LEARN.

Read: "How failure breeds success" by Jena McGregor – July 10 2006. »»
http://www.businessweek.com/magazine/content/06_28/b3992001.htm?chan=innovation_branding_other+innovation+and+design+stories

- Get controls in place by asking: How can I measure this? How is it done in other fields? Does it apply to my situation?
Consult: HMM's Holistic Marketing Principles lecture - [Develop Metrics and ROI Measurement](#) (slide 38)

Above all read the material I provide for you on the **HMM website** and participate actively on the **course Forums**.

It's only a starter. Follow the lead to other info sources as you need them.

Your Challenge



Get the information where it counts

- Innovative marketers
Apple, GE, Starbuck, Virgin ...
- Leading-edge thinkers
 - Larry Keeley, Doblin Group of Chicago
 - Livia Wilson, OutSights Inc.
 - Verna Allee, CEO Value NetWorks
 - IDEO Group, Palo Alto, California

Your challenge -

Before next lecture please consult:

Larry Keely – Doblin Group <http://www.doblin.com/>

Livia Wilson – OutSights <http://www.outsights.com/engagewithosi.html>

Verna Allee - Value Networks <http://www.vernaallee.com>

Ideo Group - <http://www.ideo.com/ideo.asp>

Your Challenge

Improve on the proposed models

- Use this course as a lab
- Study successful strategic visions
- Determine reasons for success

I initiated a start-up HMM Analysis & Reco Model to get you on your way. It's not a bible... It's a primer. It's meant to help you grab a few facts and generate NEW thinking

Remember: The best Model is a case-specific model that YOU designed to crack YOUR particular case study.

Your Challenge

Apply the formula now !



- Use your HMM models to brand new products & **services**
- Present and discuss your recos in a Forum setting
- Get a feed back to fine-tune your thinking

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- I came up with a list of new and innovative P/S branding cases so that you can improve and test-drive your models...
1. The best way to improve your batting score is :
 - To synthesize and present YOUR vision / model
 - To expose yourselves to constructive questioning from your peers
 - Get my feed-back if you need individual coaching
 - Make FULL USE of the HMM web site !!
 2. Then for your "Mémoire", you'll have the opportunity to design a new P/S branding solution as your "Chef d'Oeuvre".

Are you ready to meet the challenge ?

Listen to Podcast

“Innovation & Consumers Wants” (Mpeg L3)

Ask me for a copy download

Innovation & Consumers Wants

By Farajh Betzuki, founder of Zeeba Design

- Innovation that is not adopted by consumers is just a dead-born concept (e.g. Technology driven products)
- At Zeeba, research is done by consumer insight & trends people.
- Problem identifiers become problem solvers: Have to capture values added to consumer's behaviour.
- Innovation has to be systemic within the company (not just R&D dept.).
- Changing a corporate culture takes time: Need for an Innovation Champion (8:12)

Any questions ?

Are you here ??

Thank-you ... and let's make it happen!

Any questions?